Air Quality Management Subcommittee
Minutes from Meeting on May 18 - 19, 2006
The Solutions Center
Brighton Hall, Suite 200
1101 Slater Road
Durham, NC 27703

Attendees:

Listed at the end of this document.

Introduction: – Pat Cummins

After the introduction of attendees, Pat Cummins began the meeting with a review of the agenda concerning Team discussions. Pat indicated that he had reviewed the NRC and the Phase I recommendations, and also material previously prepared by Teams 1 and 2. It will be a significant challenge to advance beyond what has already been done through the NRC and Phase I recommendations, and to produce a product that is both weighty and implementable. How can raw material prepared by the Teams be developed into focused and meaningful recommendations? Three or four really good ideas are needed, rather than 30 or 40 general items. What can be added to advance the AQM program? This is to be a working meeting and open opinion is sought.

Team 2 Discussion: – Bob Wyman, Anna Garcia, Deborah Wood

Overview. Bob Wyman began with a discussion of the tools matrix (see Team 2 tools matrix) that was circulated. Team 2 put together an inventory of tools and products by source or source sector. What is desired in this discussion is open input or brainstorming on which tools have the greatest value and priority. After review of these tools and establishing their relevancy to programs being considered by Team 1, next steps will be to evaluate and prioritize the tools; some distinction as to value for selected geographic areas may also be desirable. A more concise list of the problems and tool options is needed. For example: What are the best options and their attributes? Which tools lend themselves to which problem? The pollutant/sector and strategies that offer the best approach might be highlighted and then the tools identified.

Vehicles and Engines. It was noted that this source sector constitutes the most vexing problem. For example, efficiency, technology, penetration, transportation, land use, etc. are all aspects that need to be considered, in addition to demand-side strategies. Major topics are emission performance (fleet turnover, market penetration of clean engines and fuels, emission controls / diesel retrofits) and VMT issues that include land use and transportation planning. How can strategies to turn over the engine fleet be developed and accelerated? The need can be illustrated by the estimate that risk from refineries is about 10 in a million, whereas risk from diesel engines is more like 500 in a million. How can financial and emission credits be used in a State like California where offsets have been used up. Are there other private sector funds, e.g. the Carl Moyer

Program and the Transportation Environmental Research Program (TERP), that have not already been considered? Another factor is inter-pollutant versus same- pollutant offsets. It was noted that inter-pollutant offsets are complex and that offsets should probably be for the same pollutant, although exceptions that might be considered could be those for precursor pollutants, PM-10 to PM_{fine}, and co-benefits with toxics.

A challenge is how to translate tools involving vehicles/engines into policy options; for example NJ and MA school bus options, retrofit of rebuilt engines (especially getting the trucking industry to take independent action), and policy options that may require new legal authority. It was noted that "command and control" is not on the tools matrix; for command and control to work well, incentives should be provided and a commitment to a specific outcome of emission reduction is needed with a specified control level. For example, in California there is not a mandate to stop using or to retrofit trucks, but there is a pollutant air quality goal. Market drivers to meet the NAAQS and accountability goals also need to be considered. There should be flexibility in the SIP process to let programs be tried, so EPA can't arbitrarily reject new programs; a performance target to encourage the program and measure progress/success, though, may be desirable. Some examples and anecdotes are also needed with specific ways for implementing policy options. Inter-sector trading is faced with challenges, for example trading between individual sources can be measured by CEMS, whereas trading between sectors cannot be so easily measured.

Four alternatives to encourage fleet turnover include: public financing, private financing, mandates, and information tools. AQM mandates that can drive down numbers of motor vehicles and also pollutant concentrations are a key issue. Differences between fleet turnover and retrofits need to be made; in fleet turnover, old vehicles are retired which provides a steep financial hill, as in turnover of school bus fleets. Have there been successful I/M programs for heavy duty vehicles? Reliable (but not necessarily practical) technologies for heavy duty vehicles that might be developed include remote sensing for NOx, VOC, CO that can identify excessive emitters and successful retrofits; this technology could be further developed and a way found to implement on a multi-state or regional basis. Basic I/M can also confirm that equipment is working, while measurement of pollutants may be an extra. But there is a need for a compliance set of tools, since police agencies are typically left with the responsibility to enforce. It may also be desirable to express an opinion on technologies and fuel efficiency. Furthermore, it is thought that the diesel retrofit report doesn't miss anything, but there may be some comments. Other factors to consider might be federal/State/local leadership on turnover/retrofit of vehicle fleets. Use of informational labeling was briefly discussed, but it was thought that labels are easily ignored. Also, overlap with the consideration of policy drivers identified by Team 1 should be addressed. Tools that are needed to support Team 1, or alternately are not relevant, should be identified; Team 2 may assume certain drivers beyond which Team 1 may already have moved.

Under transportation and land use planning (T/LUP), the tools matrix should not stand alone but should be integrated with Team 1 recommendations. In particular, more specific information regarding conformity, associated drivers and options need to be

provided; T/LUP is being considered more broadly by Team 1; two groups already have recommendations on this topic. Local agencies already strategize on programs and emissions reductions through mathematical models; it would be helpful if EPA provided guidelines on how to get results of such modeling into SIPs. It was noted that the planning process is best done on a regional level, although there are concerns about models that can apply on that basis. VMT should be considered on a project to project basis; activity-based models are a consideration. It was noted that T/LUP planners have used these modeling tools for many years. The NRC report talks about modifying behavior relative to travel, but there has been little effect for various examples except in authoritarian societies, e.g., Singapore. There is some skepticism about the ability of transportation decisions to effect societal changes in a way that produces an air quality benefit. Alternately, if a price is put on VMT, might this influence T/LUP? It could be suggested that alternatives need to be considered, even if a specific recommendation is not made. It was reemphasized that this is an important topic for Team 1 (e.g., studies show that proximity to traffic has a major impact on health) and that recommendations on comprehensive land use planning and local planning will be forthcoming from that Team. Choices of issues under this topic are important and can include choosing "not-to-drive". Unfortunately, options to not drive have been consistently shut off, but they are important because of concern for quality-of-life issues that are in addition to air quality.

In summary, T/LUP shouldn't be required, but it may be considered. Optional opportunities can be offered and economic aspects identified. A pilot project could be encouraged to determine how planning can be included in the SIP. Use of T/LUP models and emissions models might involve education, outreach, guide books, and identification of requirements. Also, there are drivers available to do T/LUP differently with benefits to air quality; air quality planning could be supportive in this area.

Conformity should continue to be mandatory, but alternative options/tools could be considered for the future. For example, if emission control isn't working, alternative programs, e.g. "pricing", could be used as a backstop; so much per mile (VMT) or hour (VHT) could be charged. It must be recognized that T/LUP is a prerogative of local government so that "pricing" could be an option, but it is not mandatory. Options that would increase transit use could be suggested, but not all have worked, e.g., there have been three failed proposals in Denver. There is also a package of options available for use with mass transit, including coordination of trains and buses and making parking available; financial incentives to encourage employers to allow telecommuting could also be an option. Other issues include how to build communities and how to consider mixed-use development; job/housing balance is an example that might be considered as part of a SIP. These topics were considered separately from air quality in the 1900s, but there is a need to integrate them now. Team 1 may also have options for tools that should be considered.

Rural Sources. Rural sources include agriculture and dust sources. To summarize current activities, Bill Schrock (EPA) made a presentation on fire and agriculture (see Fire and Ag sector briefing). The presentation included EPA's statement on fires which addresses land management, smoke management, and work with land managers. Impacts

on PM, O3, haze, air toxics, and health are important. He also discussed activities on Concentrated Animal Feeding Operations (CAFOs) and how those activities are responsive to Phase I recommendations.

It was first noted that fires had not been identified by Team 2 as an issue under rural sources; perhaps other agriculture issues should be the focus. The following need to be addressed: animal feeding relative to Phase I recommendations; the CAFO monitoring study; policy questions relative to types of farming, emissions, management practices, and NH3; and whether agriculture should be considered a "sector". In the San Joaquin Valley, work is being done in the long term with major farming activities. CAFOs are significant due to industrial sized operations and should be considered; dust due to CAFO operations and equipment is significant. A tool could be added to support Team 1 recommendations that is titled "work practices" due to agriculture; it may not be possible to measure such practices, but "you know it when you see it". Due to existing regulations, smoke from prescribed burning on agriculture lands in the west is small compared to wildfires; however, prescribed burning can have large emissions. There are options available for reducing the "fuel" that is the basis for prescribed burning that shouldn't be written off, in part because of health concerns associated with such burning. This is a big local issue; Team 1 should indicate that reduction is possible and address whether national rules or State/Regional actions are best.

Other Transportation Systems. Other transportation systems can include ports/ships, airports, and rail which tend to be priority issues where they exist, since diesel sources are a major component. Federal regulation already exists for some of these categories. As identified in the Phase I status report, EPA/OTAQ has the lead on diesel reductions. While these activities should continue, EPA may be limited in its ability to affect sources (e.g., ships) with a foreign orientation. In cases like the latter, activities should go beyond Phase I and priorities should be increased, since they are important where the sources are not subject to State control or command and control is not viable. In addition, conformity should be tightened up for large area sources like airports; an emissions cap for airports might be considered or other approaches might be used to influence emissions for new/revised airports. For example, Los Angeles is using leasing power to reduce emissions. Approvals are speeded for those who make changes that improve air quality; it is hoped that a follow-the-leader mentality might be generated. Few federal regulations affect ports; conformity can help there, also. Conformity is an important driver; where it is considered between Teams 1 and 2 needs to be identified.

Other groups with interests in transportation systems need to be represented on these issues. Reach-out is desirable; perhaps the NRC mobile source committee could be used as a source of input. Individual source sectors probably desire an opportunity to find alternatives to performance standards to show compliance, since they would like to know requirements over the next 10 – 20 years. Another example is the desire of the Raleigh-Durham airport to bank reduced emissions from ground handling (changeover to electric vehicles) to build future runway emissions. Reduction in emissions due to national control versus reduction due to local negotiations on trading/banking needs to be discussed. Even though takeoffs are a significant source of emissions at airports, the

airport source sector should be encouraged to consider all emission sources in their domain; for example, emission reductions result from reduced engine use in taxiing to save on fuel costs. But it should be noted that the FAA has little interest in reducing pollutant emissions; their main concerns are safety and schedule. Oil and gas development are "under-managed" relative to this general topic area.

Small Emitters. This sector includes sources such as dry cleaners, bakeries, restaurants, etc. Federal versus State/local roles should be established for these source categories, e.g. national regulation versus local SIP controls, technology forcing, incentive strategies, etc. Establishing "reasonable performance levels" is a possible approach. There is a need to identify respective responsibilities for Teams 1 and 2 regarding small source categories and to identify sectors of concern, if appropriate, e.g., EPA is considering categories of strategies for air toxics area sources. Also, voluntary programs or other regulatory programs that could be used for these source categories, as well as multi-pollutant and energy issues, should be considered in the process. Team 1 will follow through on this issue.

Actually, there are a lot of small source categories to consider, e.g. "everything else". A concern is that if everything is important, then nothing is important; there needs to be a good reason for control and a showing that a source category is significant. Teams 1 and 2 do not have time to sort through all sectors; an option is to prioritize categories or to provide criteria for ranking. Since there is a national rule for dry cleaning, it may not be necessary to worry about that category. Nevertheless, State/local areas need to consider sources that are a problem. A generic set of tools that can be used for small source categories, e.g. "emission fees", might prove helpful.

Consumer Products. This sector includes those sources associated with VOC-containing consumer products. The Ozone Transport Commission (OTC), as an example, considers this category important for O3 SIPs. EPA is revising a related regulation prior to proposing a new rule that States may use if they don't have their own rule. One option to identifying "cleaner" consumer products is to consider a "score card" or other rating; there is a pilot with the coatings industry. Associated with such ratings is a need for advertising and product development; also, sales and other staff require training on labeling and what the information means. New technologies that reduce emissions need to be considered due to evidence of relationships between products and disease; emission limits should be identified as a tool. Also, there is a need to think about what can be accomplished, not why it won't work; this includes consideration of voluntary measures, e.g., relation of air toxics control to O3 reduction.

Industrial Boilers. This sector includes industrial, commercial and residential boilers/heaters and other "under-regulated" stationary sources. This is a large category of sources that is difficult to bring together, and it is an important sector in terms of additional emission reductions that can be obtained for SO2. The relationship to Phase I recommendations, where there is already some consideration, needs to be established. The purpose here is to identify possible tools, not to make recommendations on

individual source categories within the sector; alternatives to emission standards are desirable, such as emission caps and technology/fuel switching.

In updating information on industrial boilers, Peter Tsirigotis indicated that EPA is working with industry to collect information on emissions, technology and regulations; timing is in terms of months. The information will be released with the emphasis on understanding and discussion with industry. In general, there is concern about definitions of tools which include both regulatory and voluntary controls, as well as "work practices". There needs to be a list of tools (including those that are non-regulatory) followed by definition, selection and recommendation. Clarification is needed as to whether emission reduction can be gotten from large sources or, alternately, numerous small emitters that may represent a growing sector; control of small emitters in some sectors appears to be productive, at least in some parts of the U.S. Cost effectiveness in control of large versus small emitters needs to be addressed.

Next Steps for Team 2. There is a need to review the information from this meeting and to revise the tools matrix after coordination with Team 1. Clarification of what is happening with other areas not yet in the matrix and the addition of tool attributes is also needed. Steps include: (1) focus on information obtained from this meeting; (2) integrate with Team 1; and (3) decide what to do with the tools matrix and come back to the full AQM Subcommittee. The subcommittee co-chairs applauded the effort of Team 2 in not taking anything off the table. Integration with Team 1 and identifying issues that should be addressed by that team is important. Team 2 will benefit from Team 1 discussions to understand that Team's broad views; also, feedback from Team 2 on Team 1 recommendations is needed. At the next meeting in June, firm recommendations to put forth in a final report should be identified. Hopefully, by the end of the meeting today and tomorrow the AQM Subcommittee will be ready to begin the process of pulling together recommendations into a draft report for others to review. A small joint work group from Teams 1 and 2 may be needed to start this process; this workgroup could be made up of team leads. However, time to circulate and review products should be provided. In the end, face-to-face discussion of key topics is necessary to move forward.

Recommendations from both teams are needed for discussion in Atlanta at the end of June, and then this should be developed into a final report. Hopefully, there can be 3 to 5 broad recommendations, rather than 30 – 40 individual recommendations. Much work went into putting current recommendations together. A product is needed for the next meeting, including a discussion of a broad final outline, from which the full AQM Subcommittee can decide to move forward. It was reiterated that there is a need to keep momentum going forward, but to give a chance for review. In the end the Subcommittee needs to integrate recommendations from Teams 1 and 2 into the AQM system and then into a final report. The format of the final report still needs to be established.

Team 1 Discussion: – Janet McCabe, Brock Nicholson, Lisa Gomez

Group 3 – Proposed Coordination Strategies for Air Quality, Land Use, Energy, Transportation and Climate. Lisa Gomez made a presentation summarizing

activities of this group (see AQM Team 1 Issue Group 3). The charge for this group is to "Propose ways in which the AQM framework of the future should coordinate with other programs such as land use, energy, transportation and climate". Consensus has been reached on Recommendations 2 through 7. Discussion of Recommendations 1 and 8 is ongoing. Key background elements and components of each recommendation were identified.

Recommendation 1 – See discussion of Recommendation 4.

Recommendation 2 – The AQM process, multi-jurisdictional planning organizations and local/tribal governments. The emphasis of the discussion was on empowering local governments to be an integral part of the AQM process. It was noted that this is a State driven process and various successes in California were noted. Concern was on actually getting MPO's involved in air quality and energy planning and on getting tools to local agencies; a champion for this activity and coordination with groups already involved is needed. EPA's participation in providing SIP credits, providing a regulatory structure, and other roles should be defined. There is a need to get local government to want to be involved and to link successful governments with others.

Recommendation 3 – The AQM process and incentives for voluntary and innovative technologies/approaches. The emphasis of the discussion was on motivating local governments and improving communications. Local government involvement needs to be measurable with help from EPA, e.g., designation of "All American City", "Smart Growth City", "Clean Community", etc. Environmental media, as well as, transportation and land use planning aspects could be incorporated in the motivation/designation. This also provides potential economic value and favorable public view, not just SIP/TIP credit. Included here should be establishment of quantitative and qualitative methods for SIP/TIP credits and recognition of other benefits. This is especially beneficial to clean areas, or areas that are not nonattainment. While air quality may not be a driver for land use planning, it should be considered as part of larger benefits. The use of a computer modeling system can be particularly beneficial to local agencies in showing where the community will be 40 years into the future. Differences between various approaches including voluntary, innovative and impact fee approaches should be considered. It was noted that the NAS report emphasized a final product that is less prescriptive and insures that SIP credit is given where it is deserved.

Recommendation 4 – Establishing an inter-agency liaison group to coordinate planning. The emphasis of the discussion was on establishing such a group through a MOU since planning for land use, transportation, energy, and air quality are intertwined. In addition to agencies such as EPA, DOE, NRC, FERC, and DOT, it was suggested that DOI and CDC be added. The potential for involving State/local/tribal participation was identified; parallel coordination at the federal and State levels is a possible alternative.

At the end of this discussion, it was announced that Recommendation 1 is similar to 4 with regard to the concept of cross-agency impact. Thus, Recommendation 1 will be integrated with 4 and it will be eliminated as a separate recommendation.

Recommendation 5 – Programs for reducing public demand for polluting activities. The emphasis of the discussion was on social marketing and encouraging less polluting public activities. It was immediately noted, however, that the public generally hasn't have the stomach for economic-related environmental behavior, although if price penalties are great enough such penalties could discourage negative behavior, e.g., a tax on gasoline (there were widely varying opinions on the viability of this example), gas guzzler tax, etc. Taxes can be useful public policy; gas tax in Europe does affect social behavior. A gas tax may not get cars off the street, but it can support alternatives that limit increases to or reduce VMT, e.g., public transportation. There is a need to find a mechanism that would educate the public, then fund alternatives that plug gaps. By keeping less attractive tools on the table, they may eventually be seen as forward-looking when policy-makers are driven to consider less attractive alternatives, e.g., alternate-day driving got the public's attention in California. An argument can be made that the issues really are mobile source emissions and gasoline prices; solutions could be increasing CAFE, zero emission vehicles, etc., rather than transportation pricing strategies. This discussion is not just about air quality, but includes other benefits, e.g., energy.

Recommendation 6 – Using existing laws to encourage energy efficiency (EE) and renewable energy (RE). The discussion of this topic was relatively brief and supportive. It was suggested that AC/EEE, DOE laboratories, and EPRI be identified to participate in such efforts.

Recommendation 7 – EPA work with other agencies to overcome barriers to clean energy / air quality integration. A list of six sub-recommendations to EPA is included. However, it was suggested that these recommendations be made more general and not directed at a specific office; some of the recommended activities are already underway. EE/RE strategies should include information from States, encourage demonstration projects, and identify whether SIP credits can be generated.

Recommendation 8 -- Ways in which the AQM framework can coordinate with climate programs. A key component to this discussion is the "Dallas Compromise" which leads to a recommendation focus on information gathering and coordination, rather than advocating climate change policy. Some participants expressed concern that the background discussion of this recommendation violates the "Dallas Compromise" by giving the perception of a need for AQM systems to address greenhouse gases (GHG) and/or climate change; the sub-recommendations might explain what EPA is already doing but not provide specific direction. On the other hand, a number of activities whereby States are already addressing GHG emissions were noted; also, some of the activities recommended are already underway in EPA or are actively being considered, especially activities involving emissions inventories of GHG emissions and modeling the impact of climate change on air quality. Industry also has work ongoing concerning GHGs; consistency among State programs on emissions inventories is important for industry and States. Development of GHG registries for industry is an important State activity. At the state level there is thought to be a need for understand the effect of climate change on air quality, e.g., drought and wildfires, and to also understand the costs/effects and action in air quality programs relative to climate change. It was noted

that the "science" of climate change need not be debated and effects should be addressed to air quality, not GHGs.

To clarify the issue, it was noted that the background statement seems to be the area of concern and that it had been available to AQM Subcommittee members for six months without negative comment; the recommendations are taken from the NRC report, Phase I, and work previously undertaken. The recommendations are more important than the background statement and there is a need to seek a common ground and to move forward. Michael Bradley, as the primary author of the background statement, volunteered to work on resolving issues; John Seitz, Bob Wyman, Greg Dana, John Bachmann, Mark MacLeod, Leah Weiss and others volunteered to help; Deb Stackhouse and Jeff Whitlow will coordinate. It was requested that they prepare a single statement of the background for all issues, including climate change, that puts air quality problems in context; it would be an amalgamation of all individual background pieces. The part that relates to climate change should be much shorter (not a general education piece) with the background statement more specific to the three climate sub-recommendations. The draft summary will be sent out for review by the subcommittee. In a separate question, it was asked if all issue papers will be included in an appendix; this is yet to be resolved.

There is concern that the NAS recommendations may not go far enough; a briefing by a climate scientist on climate change was proposed. It was noted that there can be resource issues with recommendations for EPA action; resources are shrinking and it will be necessary to consider costs and what can be afforded. Recommendations on assistance to States are important and need clarification in terms of consistency and breath. Finally, some members of the subcommittee are concerned about reemphasizing the Phase I recommendation on GHGs; there is interest in knowing what the recommendation on assessing implications of climate change will show for air quality.

Group 2 – Air Quality Planning Process. Brock Nicholson made a presentation summarizing activities of this group (see Team 1 Issue Group 2 materials). There are six recommendations proposed that involve comprehensive planning, boundaries, local planning, reasonable performance levels, continuous improvement , and episodic control measures.

Recommendation 1 – Comprehensive Air Quality Management Plan (AQMP). This recommendation involves creation of a statewide comprehensive plan that is integrated across pollutants, sectors, and areas that would be updated on a fixed schedule of 5 to 10 years. The AQMP would be for the whole State, could include climate change, energy, land use planning, etc., would be federally enforceable (at least in part), and may not require Clean Air Act changes. This would not replace SIPs, but would expand and evolve them; it would allow SIPs to be linked with other planning issues in a holistic way. This would not be inconsistent with the several NAAQS (5-year requirement) and SIPs (3-year requirement) that are currently being addressed in an independent fashion; it provides the advantage of looking at a broader range of factors that can be incorporated into SIPs. The NAAQS/SIP program is not broken and can work well within the AQMP approach, e.g., a 7 year review period.

This is a valuable recommendation for integrated planning to address multiple issues and avoids problems with planning for isolated issues which may go in the wrong direction. The AQMP can serve as the basis for a multi-state plan where all agencies see what other agencies are doing, e.g., the RPO process in which States can discuss impacts on other States is already a good basis for larger scale planning. RPOs have created a common basis for doing air quality planning and are very successful with a common planning background. This can avoid disbenefits in control strategies across pollutants, so authority on reconciling programs which are in conflict can be included. A multi-pollutant, comprehensive assessment is encouraged. Clean Air Act (CAA) changes may be required to implement AQMP. Also, integration of the SIP with the AQMP may require some effort and the two can get confused; nevertheless, AQMP implies broad planning, while SIP can have a negative connotation. No one wants to change the process of EPA setting the NAAQS and States developing the SIPs. Input from State SIP staff is desirable; also, problems related to local areas necessitate input from local agencies.

There is a need to decide (1) what can be done now, versus (2) what modifications to the CAA are needed. Also, a decision on whether a 7-yr AQMP cycle is potentially faster than the 3-yr deadline for SIPs is needed; there is concern that the 8-yr NAAQS and SIP cycle hasn't worked. There is also a need to address the attainment/designation issue and emphasize long range planning. Some areas may wait to see who gets "designated" before taking action; the designation process may need to be retained.

Recommendation 2 – Boundaries. Jeff Underhill took the lead in presenting the concept to use regional airsheds that implement the area of impact (AOI). Area of violation (AOV's) could be applied to just areas not meeting NAAQS. The purpose is not to create a new structure; RPOs can oversee airsheds without new requirements and bring States together in a consultation process. The example map drafted for the presentation doesn't reflect localized area problems, but it brings together areas which have a common problem. It also encourages modeling of broader areas; using different models for these areas also broadens the information. Getting States together to discuss different perspectives is facilitated. The airsheds should be set up based on science, not politics. The proposed approach follows NAS recommendations.

Recommendation 3 – Local Air Quality Planning. Brock Nicholson presented the "Local Air Quality Planning" recommendation which focuses on including planning by local government, businesses, and other local groups in the AQM system. These local groups are better suited to carry out some measures which are needed in the AQM System. The recommendation includes the assurance that air quality goals can be attained along with land use, transportation and community development plans. Mr. Nicholson alluded to Early Action Compacts (EAC), which in his experience effected action with regard to air quality because elected officials were educated about the issues.

Tom Chapple commented on an EAC in Sacramento that received strong innovation, stakeholder ideas, and ownership of air quality from health and economic perspectives. Non-attainment designations could have been the catalyst for success in

Sacramento. This group needs to stimulate action when an area is in attainment but still dealing with high population growth rates, which in turn increase mobile and small area source emissions. The challenge for this recommendation is that local planning is a significant task and not usually done by voluntary action. Some champions exist in every community, but most of the time the economics of the community are driving decisions. The challenge is how to fit air quality planning into the decision process. The group discussed options ranging from a local community plan that tiers up to state and regions, to requiring local planning only when that community's activities could stimulate a violation in another area or in a local high-growth situation. On the other hand, we do not want to create a driver when there will not be a big benefit.

Mr. Chapple asked when is it appropriate to place the planning burden on local government. One instance is when the community is not meeting the air quality targets. He mentioned PSD as a tool that could be expanded from large sources to mobile and small area sources. In the example of WESTAR, the region can't permit new sources because of growth, so there is a need to manage small area and mobile sources before we can permit new sources.

Chris Stoneman referenced Recommendation #2 from Group 3, which states that the AQM process should support transportation and land use planning at the multi-jurisdictional level. That recommendation could be related to this local planning recommendation. One way to address local issues, for example, could be through scenario planning. However, the Group 3 recommendation would not make this type of planning mandatory; that issue would need to be reconciled between the two recommendations. Mr. Stoneman strongly agrees that local groups need to be involved and look at a range of indicators. Lisa Gomez commented that Group 3 compromised with a pilot program to see when and where a mandate made sense. Aside from that difference, she does not see any other differences between the two recommendations, and strongly supports this idea.

Mr. Chapple commented that this proposal could be wedded with the Group 3 recommendation if the goal is to mandate planning in high-growth areas. The recommendation would be based on state plans that could tier up from local plans. He thinks the Group 3 recommendation provides a structure for voluntary plans that could tier up. The difference is, there is a situation where planning should be mandated. He gave an example of PSD provisions that are designed to manage growth. Is the current system achieving the intended goal of this recommendation? Mr. Chapple requires managers to do increment modeling, but he does not require local governments to model. He encouraged the group to examine whether this recommendation would plug a gap in the current AQM System.

Leah Weiss asked if this recommendation would be similar to the Ozone Flex program for attainment areas. That program presents a framework for attainment areas to take action if they think they're approaching the non-attainment threshold. Mr. Chapple replied that there are a number of programs the group needs to explore. Another question

is, are there enough stimuli to encourage early reductions the way the AQM system is now, or do we need to revamp that system?

Ms. Weiss commented that NESCAUM States have problems with EAC, and requested excising the paragraph in the recommendation that references EAC (page 1, paragraph 3 of the Background section in Recommendation #4). She volunteered to contribute wording to rewrite the paragraph. Mr. Chapple replied that he wanted to bring out the benefits of EAC, specifically that they stimulated quick action similar to a SIP process. Since a new PM standard is emerging, communities need a tool to see the value in reducing emissions sooner rather than later. It will also create more flexibility in writing the SIP.

Bob Wyman commented that the details are important in this recommendation. Specifically, how significant a burden would be placed on communities? This recommendation could spur project-specific review in each State. States that have that kind of review know that every project could potentially face problems with activists. Economically important projects often get held up. Mr. Wyman prefers a multi-year comprehensive planning process where project specific impacts could be addressed through an accounting mechanism that would not delay progress.

Mr. Chapple replied that the recommendation would not spur project-specific review, but it is important to tie projects into cycles of the local government. He also advocated having a plan for future industrial development, etc. WESTAR propose PSD changes that would help tie in local government, for example.

Janice Nolen commented that she applauds the effort of this recommendation, and thinks it is important to prevent problems where communities have grown to the point of reaching a non-attainment threshold. However, she is concerned about clearly determining how much "carrot" and "stick" should be used in encouraging planning. While Ms. Nolen recognizes that EAC got people together to communicate about the issues, she agrees with Ms. Weiss that there were problems.

Mr. Nicholson commented on the value of outreach and education to the State. The Research Triangle Park (RTP) area is a good example. The area petitioned for EAC but was denied. Now there is a local group, funded by the State, which looks at air quality issues. People are less likely to oppose a regulation automatically if they are part of this group.

Pat Cummins does not think voluntary actions will address this problem. It is appropriate to acknowledge this recommendation in the report along with tools, but if the group is serious about planning in high-growth areas (e.g., the West and SE have big problems), education and incentives are not the only thing that will get us there. This recommendation sounds like conformity except it is focused on attainment areas. Participants should think about a strengthening conformity recommendation, as that is the hook that federal agencies have, down to the local level and the state, in the form of transportation dollars. Dan Johnson agreed with Mr. Cummins. It is problematic to

impose a requirement on a local planning agency for air quality. He agrees we need one, but it might already be written in the Act and not enforced. He recommended examining and enforcing existing regulations that might deal with this issue. John Bachmann agreed, adding that we need to start analyzing the current law and determine how to use Class 2 areas to affect ozone, PM, and other pollutants.

Mark McLeod said this recommendation could be the biggest thing that comes out of this process. It will address planning, growth, and aligning all the issues. Should this recommendation be a central focus of the report? It may be worth the Subcommittees time to delve deeper into the recommendation. Mr. Wyman commented that it could be a big idea, but it's not there yet. The recommendation needs to outline some way to track and compare reductions, and incorporate accounting related to local planning. He suggested a reward based program, or an EPA annual report on the best and worst cities. He does not want to take local decisions away from local entities, but maybe the tracking and accounting could help firm up the recommendation.

Ms. Nolen commented that she has not seen much response to the American Lung Associations best and worst 100 cities. A system is needed where we an existing provision can be used to provide a measurement of results.

Greg Green said EACs do work in some places, so he would discourage characterizing the program as a failure. He also disagrees that voluntary programs and education, don't work. As an air program director he has seen them work and has been involved in efforts in Portland to make sure growth would not result in non-attainment. He urged participants to look at programs outside the realm of the work we do on a daily basis. Whatever new system we put in place, we don't want to just focus on regulatory strategies.

Mr. Nicholson summarized that the group would refine the recommendation, discuss existing Act provisions, as well as the value of voluntary actions. The recommendation could be a blend of regulatory and voluntary strategies.

Recommendation 4 – Reasonable Performance Levels. Mr. Nicholson presented Group 2 Recommendation #4, "Reasonable Performance Levels (RPL)." A handout entitled "Reasonable Performance Levels Proposal" accompanied the presentation. This proposal examines the inherent concept that all air pollution sources should have reasonable controls. Mr. Nicholson indicated that to his knowledge, there was majority consensus that the concept of RPL is valid. The concept of RPL is intended across all sectors: stationary, mobile, and area. There is a premise in the Clean Water Act that all water sources are controlled, and this is not so in the Clean Air Act. Mr. Nicholson indicated that numerous issues need to be resolved before this recommendation should move forward. For example, should thresholds, exemptions, or exceptions to RPL be considered? Should the idea of thresholds be balanced against the idea that an RPL is not one size fits all? In some cases, best management practices (BMP) may be the most "reasonable" level of performance. RPLs could provide a pool of emission reductions that could be taken advantage of as well. There could also be virtue in enhancing RPLs

with reducing emissions continuously over time. Other issues and benefits to the recommendation are outlined in the handout.

Mr. Nicholson graphically depicted a theoretical scenario in which a spectrum of sources would be required to meet RPLs. Grandfathered uncontrolled sources and other sources that already had some control would be affected by an RPL that would bring the control level to some specified percentage or emission limit. The RPL could be less strict than some sources already control, and could bring other sources way down, while acknowledging that some sources might not be able to come down to an RPL. Mr. Nicholson made the point that aggregate emission reductions are currently less than they would be with the RPL.

John Hornback said that while there are complexities in the proposal, he cannot understand why RPLs are not in existence after 30 years in the air program. The group realizes that there are big issues for the regulated community and regulators in order to implement the recommendation, but he heard no negative comments about the concept during the discussion in Dallas when this was introduced.

Dan Johnson explained how he initially came up with the concept. He asked the question: what if we take a body of uncontrolled sources and implement BMP strategies? The idea would be to insure that all sources are brought to reasonable control. One of the biggest issues is defining what is reasonable. There is a need to examine grandfathered sources that have some control but have not had a recent New Source Review (NSR) to see if there are current controls that could be applied. Another question is, should we include an entitlement for some sources to pollute and continue to pollute without any control? In analyzing these sources, we may decide that there are controls but it may not be reasonable to implement them now. In that case, a foundation can be laid for future implementation. Mr. Nicholson added that he realizes this concept is not a "silver bullet" solution for all sources, but it could cover a lot of ground.

Bob Wyman commented that he strongly opposes the approach. It could not work for mobile sources and there are more resource-efficient ways to deal with small sources than a national mandate. Emission standards, not percentages, are needed because there are cases where a source will never hit a high percentage reduction regardless of control. A specified percentage could be too high and trigger hundreds of variances or set too low and not have the desired impact. The only way to implement an RPL would be sector-specific regulations found only through sector-specific analyses.

Mr. Wyman does not see how the concept could be cost beneficial. There is a need to demonstrate that we are responding to a universal problem. This concept is too resource-intensive and could result in unintended consequences, like reduced efficiency. There could also be problems with the continuous improvement concept as well: sources would invest in controls, and in 6 years they would be required to add more. He is also concerned that this would conflict with the Congressional mandate dealing with over-controlling sources. Mr. Nicholson replied that he recognizes there are some sources that should not have an RPL, or an RPL should be blended with BMPs.

Dan Johnson does not favor a specific mandate for a percentage. The concept is to look at industries and sources and ask, are they unregulated, and are there reasonable controls. If not, move on to the next sector. If Congress mandated this, it would become very complicated. Mr. Wyman replied that he is sympathetic with the reason for this idea, but the resource drain prompts him to recommend other programs that could reach the same goal.

Mr. Nicholson asked if the recording or voluntary approaches mentioned in the continuous improvement could be incorporated into the RPL recommendation. Mr. Wyman agreed, saying that in talking about a universal approach to RPL, there is a need to discuss more efficient ways to implement it.

Tim Hunt commented that in looking at new philosophies, the NAS report mentioned moving toward market approaches, and performance standards. He thinks the RPL concept looks at old concepts like percentages and technology. He indicated that earlier discussion about local or geographically based controls makes more sense, and strongly thinks that issues are geographically specific. He is interested in bottom-up market strategies, not top-down regulatory strategies. With the RPL concept, there is a need to compare what the benefits could be with the cost. Defining the target is also critical. Non-attainment areas, for example, have more targeted strategies. If the group looks at continuous improvement with a "ratcheting" of standards, the U.S. will see more international companies moving overseas. He concluded that there are other good recommendations that address existing problems.

Greg Dana and Don Clay agreed with Mr. Wyman. Mr. Dana commented that a better way to do this may be to inventory sources, find out which are not controlled well or at all, and target them. Mr. Clay added that Mr. Hunt also has a valid point, although one more air quality regulation might not push a company overseas. It could, however, affect its geographic location in the U.S. Mr. Clay is also concerned about the definition of "reasonable". He does not think the need has been shown that we need a "shotgun" approach.

Jeff Underhill commented that when the RPL concept was first proposed, he was one of the biggest skeptics. But as he considered the aspects, he has become a supporter. The details will determine the success of the concept. Reasonable control is sector specific. For example, we could determine that controls implemented through CAIR and CAMR are reasonable. Regarding cost, some industries would have to invest heavily in controls, but not every sector would be impacted that way. Some sectors can ratchet down in a reasonable way. In the end, the more options there are for achieving "reasonable control", the better industry will be able to comply. Mr. Underhill asked where RPLs will be placed—in airsheds, or nationally. Brock responded that those details will need to be discussed.

Janet McCabe commented that it is important to keep in mind distinctions between existing and new sources, large and small, and stationary versus mobile or area sources. She does not want to set up a system that will be overly cumbersome or hard to maintain.

If we propose a suite of reasonable standards similar to NSPS, for example, that will be hard to keep up with. Ms. McCabe suggested that the part of the strategy could focus on stationary sources that have grown over time but have never done a PSD review. In Indiana for example, very large sources exist that are considered legally minor. One possible way to address that would be to review and apply controls to any source that in actuality reaches 100 tons/year (tpy). This idea addresses sources that some people have considered "grandfathered".

Janice Nolen commented that, converse to Mr. Wyman, she is concerned that RPLs do not control enough. This strategy is reminiscent of an idea presented by Bill Becker, that we should clean everything up as much as possible by passing a national law. Ms. Nolen said the current system says it is okay to pollute in some cases. She does not agree that polluting is an acceptable behavior for anyone. It will be a challenge to determine who is under-regulated. Many sources could argue now that they are over-regulated. She also takes issue with comments that the strategy will be too resource-intensive; i.e., that costs outweigh the benefits, especially with the PM(fine) standard.

John Bachmann asked if CAIR could be a model of an RPL. He questioned plugging the gaps created by CAIR. Mr. Nicholson replied that CAIR might be a model of an RPL, but there could be a problem using cap and trade with small sources. Ms. Nolen commented that while CAIR is a good program, it allows sources to be under-controlled, and the implementation schedule is not fast enough. Mr. Hornback stated that he cannot imagine the group would recommend a program with a lot of exemptions. There may be other ways to get to these sources under the current statute, but he does not see the point if the current statue is going to exempt large sources.

Patty Strabbing emphasized the need for explicit definitions, including defining the real problem, as well as the terms "uncontrolled" and "under-controlled". John Seitz agreed, saying if he had to plan a new strategy, he would advocate for a TRI-like approach for short-term results (i.e., to "make everyone an honest broker"), and explore regulatory options for a long-term strategy. If the goal is to make a difference in 10 years, the RPL concept needs more specificity. A regulatory mechanism needs longer than 10 years to show benefits.

Ms. Strabbing commented that data are needed to figure out what impacts the sources really have in attaining standards; it will help realize the size of the problem. She agrees with a sector-based approach, and indicated that the standard would need a size cutoff. Industry needs to live by certainty, and geographic constraints come into play in the decision-making process. She recommended a cost/benefit analysis to determine what is "reasonable." Mr. Johnson replied that a metric is needed to define "reasonable," but it would be too easy today to define it in terms of non-attainment.

Ms. Strabbing asked if this will go beyond criteria pollutants and HAPS, and whether the burden will rest on industry to continuously identify new technologies if the continuous improvement idea were implemented. Mr. Nicholson replied that all of these issues would need to be addressed.

Jim Hendricks suggested removing inflammatory terms as much as possible. The term "grandfathering" is a point of contention in his industry. The RPL concept would address air pollution. For example is a current MACT standard that addresses large sources of benzene good enough, or if gas cans or caps exist that could reduce benzene emissions, should that strategy should be pursued. The RPL concept would examine whether there are reasonable things that can be done to help make progress from small to large sources. The more we understand the impact of air pollution on the environment with critical loads analysis and other tools; we may find some obscure pollutants that have bad effects on Class 1 areas.

Greg Green commented that he likes the concept of RPLs, and asked Group 2 for more internal group discussion to address some of these complex issues. He would also like to see some incentives attached to the recommendation that could entice industries to go for this, and discuss the findings at the June meeting. Ms. Nolen disagreed with the incentives idea. If industry analyzes the cost to control pollution, there is also a need to factor in the cost of people who are dying.

Pat commented that this concept may be too idealistic. We currently have an AQM system that identifies a problem that needs to be solved, then strategies to solve it. The RPL idea that air pollution is bad and everyone shall control to a certain level is a non-starter. The reality is, we have challenges and we need to find ways to reduce emissions. When you have large sources, like industrial boilers, we have a CAIR-like approach. EGU's as a whole are a source category that needs control, so we did that. There may be a few left that could be controlled on a national level. Other than that, he thinks these challenges could be met at the state or local level.

Mr. Johnson commented that Washington State implemented a statewide program with state agency responsibility. Although it could be an answer for small sources, he is not necessarily recommending that course of action. More than half the states have no authority to go beyond federal mandates and there are similar limitations within the remaining states in terms of what sources can and cannot be touched by state regulations.

Mr. Johnson and Ms. McCabe commented that the RPL concept is a new, "out of the box" way of thinking. Mr. Johnson added that if some of Mr. Becker's ideas should be included in this concept, be sure and include them.

Ms. McCabe commented that small and large sources are really different, as are ways of dealing with them. There are ways of dealing with small sources in national commerce (e.g., wood stoves). Whatever proposal we make, we need to consider the implications of our current permitting system on large sources, which is not satisfactory. Issues exist on all sides with the RPL concept, but if we propose something that will deal with larger sources, we need to consider what that could mean for future permitting. If a proposal came out that greatly simplified the PSD process, for example, that could be a great incentive.

Mr. Nicholson thanked everyone for their input, and insured that all the comments would be considered. Ms. McCabe and Ms. Nolen thanked Mr. Nicholson for leading the discussion. Kimber Scavo added that the group will have a conference call for the additional recommendations that were not addressed in this session.

Concluding Remarks and Next Steps: – Greg Green and Pat Cummins

At the conclusion of the meeting, participants discussed moving forward with the recommendations and final report. Greg Green proposed the following process:

1. Before the next meeting in Atlanta, Teams 1 and 2 should finalize their lists of recommendations and incorporate comments from this meeting. The majority of issues associated with the recommendations have been resolved and agreement can be reached with very little discussion. Other recommendations, however, may require a great deal of discussion; This final set of recommendations will give a sense of the overall Air Quality Management (AQM) System;
2. The Bradley workgroup should also complete the background document by the Atlanta meeting for discussion;
3. After the Atlanta meeting, a small group will be selected to put together a draft AQM System for the full Subcommittee to consider. Multiple systems might be identified, but there should be one AQM System on which to focus;
4. A format for what the final draft could look like has been drafted by EPA staff and should also be discussed in June.

Regarding this proposal, concern was expressed that given the extent of discussion already taking place, there may not be a need for a face-to-face meeting to finalize recommendations that are really an interim step to the final report. Closure on recommendations might readily be reached through conference calls. Work on drafting the problem statement should begin since it will be difficult to create a structure for the report before the AQM System is drafted. However, members can begin the process of determining how the AQM System might come together at the June meeting, either as a full Subcommittee or as a small group.

Alternately each group might fine-tune their recommendations and each prepare an introduction that could feed into the larger picture of the AQM System by way of a tiered process. For example, after the overarching System structure is planned, then the group could consider how planning strategies, continuous improvement, and airsheds fit into the structure; then the tools portion of the structure could be added. On the other hand, wordsmithing the recommendations usually takes a face-to-face meeting. Also, there is some doubt whether the Subcommittee is close to deciding the new AQM System, since most of the discussion focused on overarching themes like “Reasonable Performance Levels”, and an AQM System with two distinct views on SIPS. At this point, is the Subcommittee ready to recommend any one System?

It was noted that the recommendations themselves are not the final product, and may not require wordsmithing. Instead, the recommendations may be used as raw material going into the report. The original NRC report talks about evolving an AQM System. The Subcommittee's job might not be to make a whole new system, but instead to meet challenges. To deal with non-controversial topics, those topics might be listed in an email and confidential responses solicited, if anyone disagrees.

In conclusion Greg Green indicated that he will let members know quickly how the AQM Subcommittee will proceed. Greg and Pat thanked everyone for participating and for a great discussion over the two-day meeting.

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May 18 - 19, 2006
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